



“Alliance for Inclusive Business Development of Roma Communities in Bulgaria”

Cooperative agreement No: 183-A-00-06-00106-00

Catholic Relief Services USCCB

October 1, 2006 – March 31, 2008

Final Project Implementation
Narrative Report

Submitted by:

Mila Gavrilova
Head of Office
Catholic Relief Services Bulgaria
22 Slavyanska Street, Sofia 1000
Tel: (359) 2 980 6943
Fax: (359) 2 987 2116
mgavrilova@eme.crs.org

Submitted on:

.....

Acronyms

AD	Abbreviation for Joint Stock Company in Bulgarian
BGL	Bulgarian leva
CRS EME	Catholic Relief Services Europe Middle East Region
CRS USCCB	Catholic Relief Services United States Catholic Conference of Bishops
EAD	Abbreviation for another form of Joint Stock Company in Bulgarian
JSC	Joint Stock Company
MF	Microfinance
MFI	Microfinance Institution
MIS	Management Information System
NCION	National Center for Study of the Public Opinion
PMEP	Project Monitoring and Evaluation Plan
RCED	Regional Center for Economic Development
SEDF	Soros Economic Development Fund
USAID E&E	United States Agency for International Development ,Europe and Eurasia
Bureau	Bureau
USTOI	No particular acronym. USTOI means “Foundation “ in Bulgarian language.

TABLE OF CONTENTS

I. Executive Summary	4
II. Grant Modifications	5
CTO-approved changes in the agreement :	5
CA Modification No 2 :	6
III. Methodological Approach	6
1. The two partners	6
USTOI Microfinance AD	6
Mikrofond EAD	6
2. Solidarity lending v.s. individual loans.....	7
3. Public awareness	7
IV. Strategic Objectives and Program Targets	8
Strategic Objective 1: Targeted Roma Communities have increased economic opportunities	8
IR1.1: Entrepreneurs from Roma communities increasingly access microcredit	8
Complementary services offered.....	8
IR1.2: Roma communities access credit for start up business.....	9
IR 1.3: Entrepreneurs from Roma communities have increased business skills.....	10
Business Mentoring, planning and management	10
Strategic Objective 2: Public Perception of Roma entrepreneurs is enhanced	10
IR2.1: Models for Roma economic success are promoted.....	10
Media awareness raising and public promotion	11
Roundtables on Roma Entrepreneurship	11
Omnibus baseline study.....	11
In-depth Baseline Study	13
Impact assessment (March-April 2008)	13
Stipend Research Papers	14
The Project Documentary “THE NEIGHBORHOOD”	15
Project Brochure.....	15
Project Publication “Microfinance and the Perspectives for Roma Entrepreneurship”	15
Entrepreneurship awards	15
V. Sustainability	15
VI. Performance Indicators, Monitoring and Reporting	16
1. Quarterly Reports.....	16
2. Monitoring and Compliance Visits	16
3. Other Monitoring Techniques	17
Attachments: Project materials and other documentation	18
Baseline research study Alfa Research (English executive summary)	18
Impact assessment survey Alfa Research (English executive summary)	18
Project publication “Microfinance and the Perspectives for Roma Entrepreneurship”	18
Project documentary “The Neighborhood”	18
Final cumulative indicators report	Error! Bookmark not defined.
Clients Success Stories	18

I. Executive Summary

Since October 1, 2006, Catholic Relief Services (CRS USCCB) lead the implementation of the “*Inclusive Business Development of Roma Communities in Bulgaria*” Global Development Alliance project with partners Ustoi AD and Mikrofond AD with funding provided by USAID totaling \$100,000 for program activities and Euro 280,000 for loan capital. In addition to this amount, the two GDA Alliance partners Ustoi and Mikrofond contributed a total of Euro 614,792 in private loan capital funds. As of May 2008, the CRS cash contribution to the operating costs of the grant amounted to approximately \$9,500.

In summary:

USAID grant for loan capital		Euro 280,000
USAID grant for program activities	\$ 100,000	
Ustoi contribution for loan capital		Euro 249,214
Mikrofond contribution for loan capital		Euro 365,578
CRS cash contribution	\$ 9,500	
TOTAL grant resources:	\$ 109,500 and Euro 894,792	

The GDA project was implemented in eleven locations in Bulgaria: Sofia, Samokov, Kardzhali, Sliven, Razgrad, Omurtag, Pazardzhik, Silistra, Pernik, Plovdiv, and Burgas. During the 20-months of project implementation (October 1, 2006- May 31, 2008) the project provided group and individual business loans (microcredit) to a total of 796 Roma and Turkish microentrepreneurs with total value of loans disbursed of Euro 894,792, comprised of USAID funds for loan capital (Euro 280,000) and partners funds (Euro 614,792). On average, 76% of Ustoi clients and 30% of Mikrofond clients were women.

The GDA project represents a successful example of the application of CRS worldwide expertise in microfinance. The program directly addresses the CRS strategic goal that “the people we serve support each other to achieve their full potential, share equitably in the goods of the earth, and live in peace”, and complies with the four components of CRS’ Identity Statement to: “strive for the realization of human dignity through relationships that alleviate human suffering, promote integral human development, change structures undermining justice and peace, and create solidarity”.

In addition, the project strengthened the already existing microfinance partner service network for marginalized Roma communities, thus addressing broader developmental goals such as poverty alleviation, economic development, and tolerance for Roma minorities in Bulgaria. The activities were designed to meet the goals included a rapid mobilization and sustainable exit strategy, given the impending graduation of USAID from the country in 2008.

The project built its results on an innovative alliance among CRS, USTOI, Mikrofond and USAID. The project activities combined experience from the best practices of CRS’ economic empowerment and ethnic tolerance programs worldwide, its Bulgaria-specific expertise, and the field knowledge generated through the USTOI and Mikrofond networks. The microfinance partners brought along experience and already established networks and infrastructure in order to outreach to Roma population in the fastest and tested way. In addition, USAID brought to the alliance the necessary public awareness and publicity/outreach support needed to implement the second component of the project.

This alliance project had aimed to enhance the livelihoods for targeted Roma communities in Bulgaria through the following objectives and intermediate results:

Objective 1: Increase of economic opportunities for targeted Roma communities

- **Result 1:** Entrepreneurs from six¹ Roma communities increasingly access microcredit.
- **Result 2:** Roma communities access credit for start up businesses
- **Result 3:** Entrepreneurs from Roma communities have increased business skills.

Objective 2: Enhance public perceptions of Roma entrepreneurs

- **Result 1:** Models for Roma economic success are promoted.

The project directly supported the E&E Bureau’s GDA sectoral and technical program priorities, namely “**Economic Opportunities for the Poor:** by expanded and more diverse financial services delivered by sustainable financial intermediaries; business development services and new technologies for micro-entrepreneurs, particularly women and the poor; Policies and tools to improve the viability and competitiveness of enterprises operated by poor households and their access to needed services”. The project was also in line with the USAID Bulgaria graduation objectives. It directly supported **Strategic Objective 1.3 “Economic growth and prosperity”** thorough providing a “bottom of the pyramid” approach to poverty of Roma communities in Bulgaria. As well as fostering business opportunities and employment and activities that promoted role models and address public stigma the project directly affected Roma social status and the public perceptions for Roma entrepreneurs in Bulgaria.

Each alliance member brought a specific financial and technical capacity to the project, in order to ensure its ability to meet the project objectives. Catholic Relief Services, as the prime grant holder, brought over 50 years of worldwide expertise on both microfinance methodologies (individual and group lending) as well as management of USAID grants. Through its indirect cost pool, CRS supported the project with a full range of technical advisors, finance officers, and managers based both locally and within the region. USTOI contributed **249,214 Euro** of loan capital to this project. Additionally, USTOI has already gained valuable experience in working with Roma clients and used that experience to better and more efficiently offer services in this project. Similarly, Mikrofond contributed an amount of **365,578 Euro** of loan capital to the project. Alike USTOI, Mikrofond has also significant experience lending to Roma clients, and applied its lessons learned to this project.

II. Grant Modifications

In the course of program implementation, the following agreement modifications were made:

CTO-approved changes in the agreement :

- 1) **July 25, 2007** – CTO approval for reallocation of 2,200 from the funds planned for Trade Fairs to be used for a production of a documentary film on Roma clients assisted with the program.
- 2) **July 12, 2007** – CTO approval on changes in admin budget to provide for interim coordinator travel during maternity leave of the prime.
- 3) **April 6, 2007** – CTO approval for addition of a new town to the project (Kardzhali); include servicing Roma and Turkish clients as a part of the project; and expand the business consulting component.

¹ Subsequently increased to eleven locations

CA Modification No 2:

The purpose of the modification is to 1) change the estimated completion date from March 31, 2008 to May 30, 2008 thereby extending the period of performance with two months; 2) realign the budget and 3) update indirect cost rates; and 4) review the project description to delete the start up loan category and add Kardzhali and Plovdiv as project sites.

III. Methodological Approach

The project was implemented using proven microfinance lending principles in which both microfinance alliance members have been well-versed. All alliance members concluded that it is essential to target Roma communities—those which are particularly marginalized in Bulgaria—in this project, but not to relax any of the microfinance operational procedures due to the Roma’s disadvantaged status in the Bulgarian society. Microfinance is an effective tool for increasing income and entrepreneurship for the very poor, but the general principles of risk and repayment are important to the success of any microfinance program. For the purposes of the project, Roma were not distinguished from other clients in terms of qualifications, repayment, and graduation of loans, even though the other ethnic group of ethnic Turkish population was also added as a target to the project.

However, Roma do have a particularly disadvantaged position in society and their social structure is different from other ethnicities in Bulgarian society. Therefore, the project relied on Roma themselves to be the engines of the enterprises to be supported by this project. Roma do understand their communities and internal markets best, and thus are best placed to play a leading role in the project. The project supported their business ideas and local knowledge with access to credit, skills, and technical assistance. Furthermore, lessons learned from working with Roma clients in Bulgaria as well as other countries in the Balkans were applied to the throughout the project implementation.

1. The two partners

USTOI Microfinance AD

With USAID and CRS support, USTOI has been providing microcredit to Bulgarian micro entrepreneurs since 1998. The joint stock company was registered in December 2004 as a spin off of the CRS-operated microfinance program in Bulgaria, funded by USAID under cooperative agreement 183-G- 00-99-00106-00. CRS is the current majority stakeholder owning 88% of the company shares. The other stakeholders are USTOI Association registered according to the Bulgarian Law for Non-Profit Entities and a Cooperative Union each owning 10.60% and 1.22% of the shares respectively. Nowadays, the USTOI network operates out of 12 locations in the country, and has thus far provided 41,522 loans valued at over \$39 million. The current size of the USTOI loan portfolio is \$2.38 million, serving 1,461 active clients, of which 282 are Roma microentrepreneurs.

Mikrofond EAD

Mikrofond Foundation Sofia, formed in 2002 from 10 regional Foundations (then transformed into branches of the Joint Stock Company), is the sole owner of Mikrofond Company (EAD). In 2003, all the assets of the Foundation were transferred to the Joint Stock Company and the Foundation remained a training and consulting center, funded by the Soros Economic Development Fund (SEDF).

SEDF also represents the main capital and technical support source for Mikrofond EAD (through the Foundation), even if it is just indirectly involved in its governance and activities.

Mikrofond supports micro- and small businesses through 18 country offices. Mikrofond has thus far provided 5 957 loans valued at over \$ 24 million USD, with an outstanding loan portfolio of \$3,318 million currently serving 1307 active clients of which 145 are Roma microentrepreneurs.

2. Solidarity lending v.s. individual loans

The two microfinance alliance members have slightly different lending methodologies and targeted clients. As a whole, USTOI is a more grassroots-oriented organization, servicing lower-income clients, while Mikrofond operates more like a formal bank providing individual loans to better-off clients. The amounts that USTOI provides as loans vary from \$600 to \$14,300 while Mikrofond normally provide loans in the range of \$500 to \$24,700. With these differences in methodologies and the products that are offered, the two partners provide a comprehensive and supplementary range of services.

USTOI client profile include viable micro-entrepreneurs with existing businesses in the trade, services, and small production sectors from all over the country, with average value of business assets \$7,000. Clients form solidarity groups of five to fifteen persons. Group members self-select on the basis of neighborhood, similar business, or other social existing connection and act as guarantors of each other's loans. The group management committee oversees the financial transactions, collects the repayments and membership contributions with the assistance of the loan officer. All the groups in each region where USTOI worked form and register a cooperative, according to the Bulgarian Law for Cooperatives. Solidarity groups become members of the cooperative, and thus access continued credit.

The clients of Mikrofond are micro, small and middle-sized entrepreneurs. Mikrofond employs a methodological approach to lending, with a high degree of community outreach and accompaniment of potential borrowers through the application process. After marketing its product in the targeted communities, Mikrofond loan officers offer individual meetings with potential clients to help them understand the loan product and the process. Clients wishing to apply for loans begin the credit application process, providing information on business history, current cash-flow, and intended use of the loan. Loan officers follow up and verify the credit application with site visits and audits of the business' financial records. The credit committee, comprised of designated Mikrofond loan officers meets on a regular basis to determine which credit applications to fund. Loans, provided by Mikrofond, are for an average of 18 months with an average amount \$6,000. Re-payments are made monthly. All loans are collateralized with personal guarantees, mortgage, or pledge of assets.

3. Public awareness

In addition to Component 1, CRS and partners employed tested but yet innovative approaches to address the deteriorated public image of Roma entrepreneurs in the Bulgarian society. Roma suffer not only from discriminatory practices at the workplace but face discrimination during business interactions, at markets selling their goods, or while looking to establish a credible clientele for their businesses. Many of these challenges have not been widely spoken about indicating of a significant gap that the Alliance project addressed: the lack of consistent public message around the image of the successful Roma entrepreneur and how support to entrepreneurship and economic development can lead to removal of discriminatory barriers and open up roads to integration of Roma into the mainstream society.

As a part of the second component of the project, CRS organized a number of public discussions to help bring about fruitful dialogue on the obstacles toward Roma entrepreneurship. To better analyse the results of these awareness dialogue meetings, as well as the rest of the public awareness results, CRS initiated a thorough baseline research that questioned the existing opinion on Roma

entrepreneurship in the country. In addition to publicly discussing obstacles and barriers, CRS engaged a number of different counterparts who worked together to analyze the causes of discrimination toward the Roma businesses, and to propose solutions. These counterparts included NGO activists, Roma community leaders, business people (including representatives of Roma businesses), media, local authorities, educators, researchers and students. These counterparts participated in different ways and by different means throughout the project activities which brought about change in their own perceptions on the problems, in which they were engaged at first hand.

IV. Strategic Objectives and Program Targets

Strategic Objective 1: Targeted Roma Communities have increased economic opportunities

IRI.1: Entrepreneurs from Roma communities increasingly access microcredit

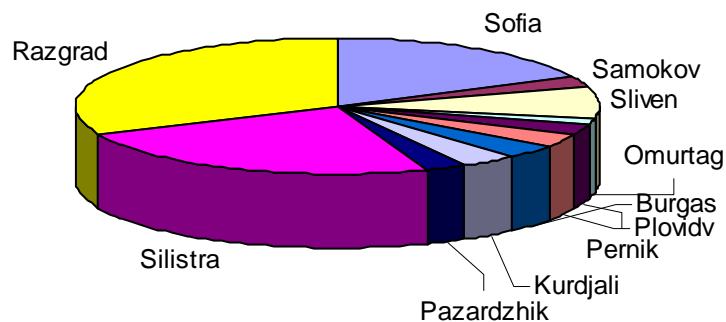
Complementary services offered

During the implementation of the project, both microfinance alliance members offered different loan products to the communities they serve; however, when taken as a total package, their collaboration and coordination of loan products offered a full range of micro-credit options to entrepreneurs from Roma and Turkish communities.

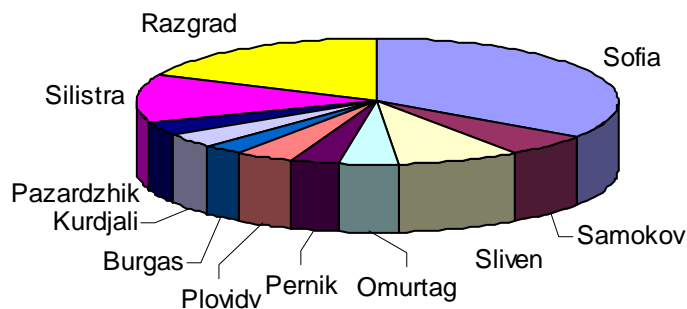
During the project, **eleven Roma communities** were outreached with information meetings and marketing which resulted in servicing a total of **796** Roma and ethnic Turkish entrepreneurs. They came from the following locations: **Sofia, Samokov, Kardzhali, Sliven, Razgrad, Omurtag, Pazardzhik, Silistra, Pernik, Plovdiv, and Burgas**. Of these, currently **508** are still active clients. The total value of loans disbursed to these entrepreneurs amounts to **Euro 894,792** with current outstanding portfolio of **Euro 557,095**. Of these, 76% of USTOI clients and 30% of Mikrofond clients were women. The average group loan that was disbursed during the project amounted to **Euro 816** while the average individual loan was **Euro 1,588**. More information on the project accomplishments in numbers can be found in Attachment XX, Final Indicators Report.

The two partners report that **56.5%** of all clients serviced with microcredit sought subsequent loans during the life of the project. This proves to the suitability and appropriateness of the products offered, as well as to the fact that the serviced clients have continued needs for credit but also have proved good capacity for repayment. In summary below, the charts presents the spread of the **outstanding portfolio and number of active clients** per regions, with data as of March 31, 2008.

Distribution of outstanding portfolio per locations



Number of active clients per locations



IR1.2: Roma communities access credit for start up business

Originally CRS and partners planned to develop a stand-alone microfinance product that will be targeted to potential microentrepreneurs who have viable business ideas but do not have access to commercial credit to realize them. In the course of project implementation and with the help of the CRS Senior Technical Advisor in Microfinance, this idea was further expanded to include a product that will also service existing but new business people which businesses have been in operation for only 6 months. In the initial months of the project, the two partners and CRS representative traveled to Sliven to work and test this start up loan idea, including an informal survey among potential and new entrepreneurs in the region. After careful consideration including considerations of risk and loan fund management, it was decided to abandon the start up loan initiative. This decision was

subsequently discussed with USAID and approved through Modification 02 of the cooperative agreement with CRS.

The funds originally allocated for start up loan fund were added to the allocations of loan capital for the two partners to support the provision of their normal loan products as a part of the project.

IR 1.3: Entrepreneurs from Roma communities have increased business skills

Business Mentoring, planning and management

The activities under IR 1.3 were designed to offer services to entrepreneurs in the targeted communities which will help them to manage their ideas and ensure that good business ideas are supported with sound management.

Business mentoring for borrowers in Sofia, Razgrad and Silsitra were provided by the **Regional Center for Economic Development (RCED), Sliven**. Their experts developed a tailored training curriculum and materials. This tailored training was offered to more than 60 clients.

The Center offered also **an on-going business mentoring** to USTOI and Mikrofond clients located in Sofia, Silistra and Razgrad. Business mentoring represents an individual approach to the individual capacity building needs of the entrepreneur, and both USTOI and Mikrofond are well-positioned, through their expanded networks, professional staff, and closeness to client approach to provide the business mentoring. Mentoring encompassed the following general areas:

Loan officers from Ustoi and Mikrofond oriented their efforts to help entrepreneurs and borrowers from Roma communities with advices how to plan more effectively and with greater feasibility of their business ideas. The project stressed the development of skills and attitudes necessary to operate the business ideas. The loan officers assisted the entrepreneurs in assessing market conditions, and calculating estimated start-up costs and potential ability to repay loans and helped them to create a business mentality among the entrepreneurs in the solidarity groups and in meetings with individual loan borrowers. The help included consultations on business ethics, social/community responsibility, the importance of establishing credit histories, and private sector mentality.

The mentoring activities provided by the loan officers were based on real-life examples of successful businesses in order to emphasize the ability to replicate successes within the community.

In addition, legal assistance for registration of a business was provided by experts from Regional Center for Economic Development Sliven. The activity stressed the necessities and formalities of entering the legitimate economic sector. The topic was focused on basic points as *registration of businesses, obtaining licenses, paying taxes*, and other mechanisms within the Bulgarian law to assure full legality of the business operations. More than **60 clients** of Ustoi and Mikrofond were trained and consulted.

During the training component, CRS negotiated additional trainings that were provided to USTOI loan officers from Sofia West office in loan assessment procedures and credit analysis. All loan officers who attended the trainings reported satisfaction from the content and impact of the training. This component was also provided by the RCED consultant.

Strategic Objective 2: Public Perception of Roma entrepreneurs is enhanced

IR2.1: Models for Roma economic success are promoted.

Media awareness raising and public promotion

A project media awareness plan was developed in the beginning of the project. The plan included series of publications focused on different aspects of the project goals and objectives. The media plan focused on the development of different tailor made messages for different public, types of media outreach (TV, Radio interviews, analyses, press conferences and etc.)

Within the project the activities were presented by more than 30 media with national, regional and local coverage, TV, Radio and newspapers (also online newspapers). Four press conferences were held in Sofia, Razgrad, Silistra and Burgas in the different stages of the project. The project roundtables were covered by media with follow up interviews and commends. Copies of media publications are kept in CRS office in Bulgaria.

The public campaign started with preliminary prepared analytical material that was published in a national newspaper “Politika” that focused the positive Roma entrepreneurs’ initiatives and clients’ images. The material was followed by several publications in regional and national media, press conferences in bigger target locations.

In June 2007, US President G.W. Bush visited Bulgaria. During the visit, CRS and USAID organized an exhibition of the produce and trade articles of four USTOI women clients. The exhibition was visited by the US First Lady Mrs. Laura Bush and the Bulgarian First Lady Mrs. Zorka Parvanova. The event was presented by all national Bulgarian Media (TV and newspapers). Photos from the exhibition are included in the project publication: “*Microfinance and the Perspectives to Roma Entrepreneurship*”, enclosed with this report.

Roundtables on Roma Entrepreneurship

A total of six roundtables were organized in Sofia, Pazardzhik, Sliven, Silistra, Burgas and Razgrad. These roundtables were conducted by prominent Bulgarian sociologists and experts in ethnic thematic that CRS engaged as a part of the project. The topics of debates during the roundtables included what are the barriers and obstacles to the development of more successful Roma entrepreneurship in the country, how economic development of Roma households can become a successful vehicle for Roma integration in Bulgaria, and what could be the joint steps among all stakeholders to diminish the effects of the ongoing discrimination against Roma businesses.

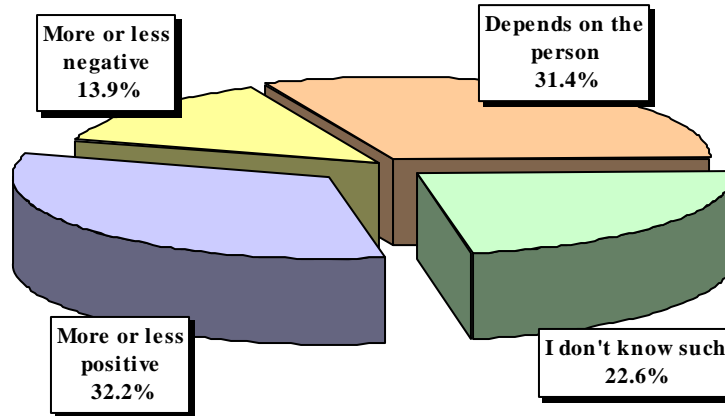
Each roundtable included representatives of local NGOs, Roma activists, representatives of the local and regional authorities, local businesses, Roma leaders and media. Write up of the results of some of these discussions can also be found in the project publication: “*Microfinance and the Perspectives to Roma Entrepreneurship*”.

Omnibus baseline study

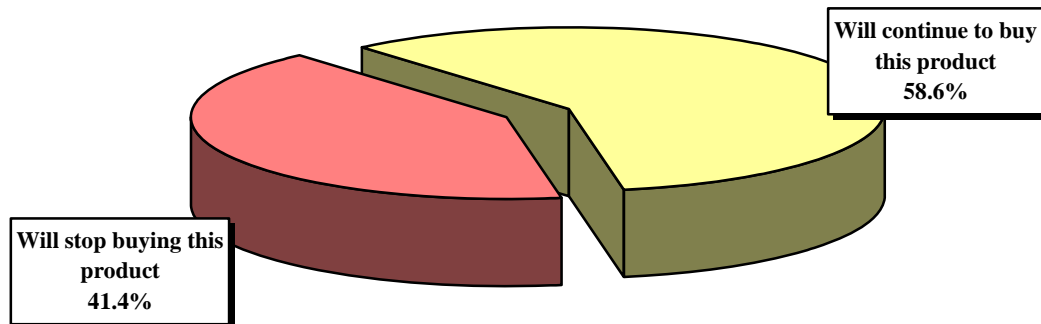
The project started with omnibus study that was nation-wide and included 1000 respondents. The study was conducted by the **National Center for Study of the Public Opinion (NCION)** in the first week of December, 2006. The main research objectives were: 1) to explore the existing attitudes of the wider Bulgarian public toward Roma entrepreneurship in general, and 2) to arrive at observation as to whether and how social group, age, education, etc. influence the attitudes on these issues. The results were presented in power point, narrative analytical report and tables. The survey results were presented by NCION at a the project launch event in Sliven on December 18, to local media, local authorities, NGOs and USAID staff.

The charts below describes some of the general responses received on the omnibus questions which depict the existing and prevailing attitudes toward Roma entrepreneurship at the start of the project.

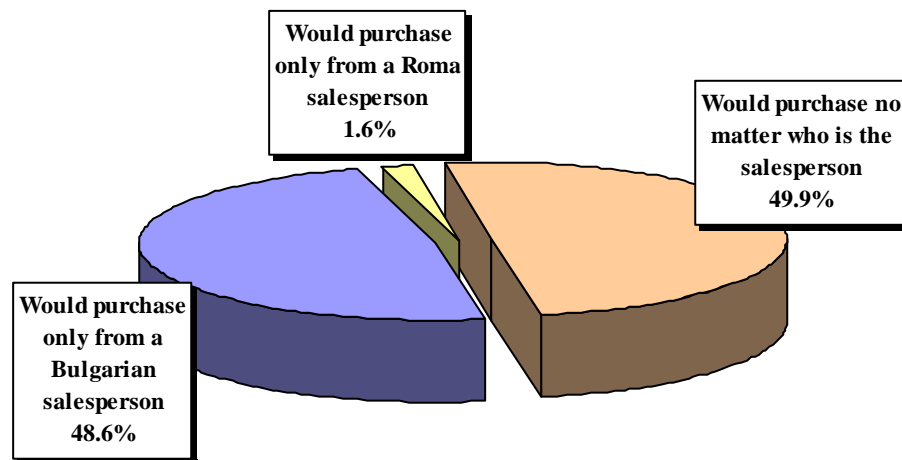
What is your attitude toward Roma entrepreneurs?



What would you do if you understand that the owners or producers of a preferred by you good or service are of Roma origin?



If you have to choose from whom to buy one and the same product in quality and price, who would you chose?



In-depth Baseline Study

In the second quarter of the project, CRS also initiated a more in-depth baseline study on the existing attitudes toward Roma entrepreneurship that included focus groups and in-depth interviews. This analysis was conducted in seven regions in Bulgaria with the aim to be a representative study. CRS subcontracted a local Bulgarian research company **Alpha Research Ltd.** was chosen to conduct the study after the competition.

The main research objectives were: 1) analysis of the specific characteristics of the relationships between Roma entrepreneurs and other small entrepreneurs, customers, and public representatives in the targeted communities; 2) evaluation of the public attitudes toward existing social policy towards social inclusion; 3) provision of certain recommendations toward Roma social inclusion in the targeted communities.

The main results from the survey demonstrated the prevailing public perception towards Roma entrepreneurship in the GDA targeted communities and explored and evaluated opportunities for access to credit. The main causes for poverty and ethnic segregation at the local level were explored to help address the root causes of the problem. Microlending opportunities were evaluated as a vehicle for inclusion and integration of Roma minorities into mainstream society.

The executive summary of the baseline research is included in the final project publication.

Impact assessment (March-April 2008)

A project impact assessment survey was initiated in the last quarter of the project (March 2008). The study aimed to assess the progress against the baseline established in the beginning. It was assigned again to Alpha Research Ltd. (see above). The research combined quantitative and qualitative research methods and its study scope is to provide analytical overview of the correlation between the microlending process and development of Roma entrepreneurship in targeted places and to develop the recommendations for microlending program component. More than 200 respondents from Sofia, Pazardjik, Silistra, Burgas, Sliven, Razgrad and Omurtag were interviewed.

In summary, the impact assessment outlined the following **key conclusions** resulting from the project activities:

The interviewed people from various target groups continue to show similar attitudes to Roma. They perceive them mostly as labor force and find it difficult to imagine them as entrepreneurs. They even described this labor force as problematic: lacking education, unqualified, undisciplined and lacking work habits; unreliable mercenaries, avoided by the employers for a reason. The possible reasons for this situation could be various but three categories of responses dominated:

- The **lack of education** was placed at the core of all emerging problems. It leads to absence of qualification and impossibility to acquire even rudimentary professional and work skills.
- The **lack of opportunities for professional realization and unemployment** that make the Roma dependent on the state welfare system was also a dominant opinion. A “generation of welfare” is emerging that has no work experience or length of service, i.e. is “labor deformed”.
- Most non-Roma participants in the survey **tend to understate significantly the Roma capacity for entrepreneurial initiative** regardless of their profession or personal experience with the Roma community
- Therefore the majority of the employers do not recruit representatives of the Roma community and show unwillingness to do it. In their opinion most Roma are not interested in getting a “serious” job: for lack of the said work habits on the one hand, but also for fear of losing their social assistance, if they enter into official labor contracts

The full text of the executive summary to the Impact Assessment Report is published in the book “*Microfinance and Perspectives to Roma Entrepreneurship*”.

Stipend Research Papers

As a part of the public awareness component, two scholarships were awarded via nationwide competition to two Bulgarian students to do research on Roma entrepreneurship in selected project locations. The purpose of this initiative was to build awareness and enhance understanding among educated youth about Roma entrepreneurship, discrimination, and the context in which Roma businesses operate. The competition required original research which will focus on different aspects of the barriers that exist in front of Roma businesses. The awardees, **Mr. Anton Georgiev** (a student in the Sofia University, Cultural Studies Department) and **Marina Marinova** (a student in the University for National and World Economy) completed their research for about 8 month period. The first research paper “*Integration throughout Entrepreneurship*” prepared by Mr. Georgiev, presents the cultural context of Roma economic integration. The second student, Marina Marinova conducted series of interviews with representatives of different stakeholders in Sliven region. Her paper “*Opportunities for Roma Entrepreneurship in the region of Sliven*” is based on real data of empirical and quantitative materials. The both papers received positive comments by the academic mentor Prof. Ilona Tomova. The research papers are included in the publication: “*Microfinance and the Perspectives for Roma Entrepreneurship*”.

The Project Documentary “THE NEIGHBORHOOD”

CRS awarded a third scholarship to a student from the National Academy for Theater and Movie Art to develop a documentary featuring the lives of six clients of USTOI and Mikrofond. The student Andrey Chernev is a 4th year student in National Academy of Theater and Movie Art and this engagement will serve as fulfillment of the requirements for a thesis in one of his academic classes. For the documentary task, Andrei worked with a group of cameramen and also solicited the input of his academic advisor. Some of the best GDA clients and their stories were presented in the documentary “Mahalata” (“The Neighborhood”) – Roma entrepreneurs from Sofia, Topolchani (Sliven) and Pazardjik. The documentary was officially presented on the ceremony in Bulgarian Council of Ministers on 8 April, 2008 – the International Day of Roma People, as well as among US Embassy staff in the ceremony that was opened by the US Ambassador.

Toward the end of the project, fifty copies of the documentary were disseminated among Bulgarian media, public institutions, Foundations, Donors and etc.

Project Brochure

CRS designed and issued a project brochure at the first month of project implementation. The brochure presents in short the project goals and objectives, the GDA partners and their activities, photos, and the graphic identities of the four alliance partners. The brochure is still in use for distribution among partners’ branch offices, clients, media, NGOs and was used as handout in every public event within the project.

Project Publication “Microfinance and the Perspectives for Roma Entrepreneurship”

The final project publication presents the summary research reports, the students’ research papers, analytical comments by moderators of the roundtables and photos from the beginning to the end of the project. It also contains the success stories of 6 USTOI and Mikrofond clients as described at the end of this report. The book will be distributed in 1000 copies among NGO partners, USTOI, Mikrofond offices, and other.

Entrepreneurship awards

CRS and the two partners organized a competition “Best Roma Entrepreneur for 2007” among the existing Roma clients of Mikrofond and USTOI. The criteria for participation in the competition included repayment history, significance of the businesses to the social environment and the community, the lack of unpaid tax and other state obligations of the entrepreneur; and the recommendation of the loan officers. Three entrepreneurs were selected for awards, as follows:

- I award – Lidia Dimitrova, a client of USTOI who has own business in hairstyling in Sofia.
- II award – Levent Kutcharov, client of Mikrofond who is farmer from village of Strajetz (Razgrad)
- III award – Nenko Ognyanov, a client of Mikrofond who is trade from Pazardzhik.

The awards were handed by the US Ambassador and USAID Mission Director in the official ceremony in Pazardjik on February 26, 2008. The event was presented by many national and regional media.

V. Sustainability

1. Engaging opponent parties

The “Inclusive Business Development of Roma Communities in Bulgaria” project managed to engage different, and sometimes opponent stakeholders into a common research and discussion on issues of

Roma integration in Bulgaria. The project focused on the aspect of Roma economic integration, analysis a specific subset of problems, issues and solutions that are relevant to the Roma community in Bulgaria. Thus, the project has established a dialogue among stakeholders that will continue to search for solutions to foster Roma economic empowerment. These stakeholders included Bulgarian media (local and national), NGOs, community leaders including Roma leaders, business people including Roma businesses, youth and students, sociologists, local authorities, educators and teachers, and representatives of the national government agencies dealing with ethnic integration. These collaborations will continue, hopefully, to engage yet broader public on possible solutions to Roma economic development challenges.

2. Continuity of the loan fund and services

As noted previously, during the project a total of Euro 894,792 was provided in microloans to Roma and Turkish entrepreneurs servicing 796 clients. This loan fund will remain ownership of the two microfinance partners who continue to provide microcredit, and other non-financial services such as mentoring, to Roma entrepreneurs. The two microfinance partners, USTOI and Mikrofond, are committed to expand their networks to service more entrepreneurs from disadvantaged communities, to which they can offer more diverse and suitable products.

3. Gaining momentum on results

A momentum has been gained in increase of public awareness among the general public in Bulgaria on successes and role models of Roma entrepreneurs. The stories of many successful clients were highlighted with the documentary, the media coverage, the project publication, and the visits of prominent public figures. These role models will continue to show examples of how ethnicity is irrelevant to the successes in entrepreneurship and that of importance is only the strive, skills, knowledge and commitment of the business person. This project has proved that collaboration among Roma and non-Roma businesses can work together well if collaboration and interaction is better facilitated.

VI. Performance Indicators, Monitoring and Reporting

1. Quarterly Reports

In the course of project implementation, CRS submitted a total of 6 quarterly reports and one final report. All quarterly reports included: narrative report describing project events and accomplishments for the period against the project objectives; a combined indicators report with financial data on the project indicators and PMEP plan, the standard forms SF269 and 1034 in USD and Euro. All project reports have been submitted to USAID Bulgaria CTO. Financial reports have been submitted to the responsible staff in USAID Budapest and Bosnia and Herzegovina office. All project reports are available in CRS office in Bulgaria.

2. Monitoring and Compliance Visits

During the implementation of the project, CRS requested and obtained the services of CRS Regional Compliance Advisor Najib Sahoun who conducted two monitoring visits to the partner organizations – one in April 2007 and one in November 2007.

The visits included:

- A review of the financial documentation of USTOI and Mikrofond related to the provided loans under the partnership agreement with CRS.

- Determination whether loans have been provided, and documentation is sufficient and corresponds to the financial reports provided to CRS .
- A review of the data entered into the MIS system of the two partners and determination whether it corresponds with the information provided as part of the reports to CRS.

After each monitoring visit, a debrief meeting was held with each of the partner management staff to elaborate the findings of the visits and recommendations for improvement. A subsequent monitoring report was also provided to the management of the partner organization, with a one –month time for response on key findings. CRS followed up with each partner until closure of most important findings.

The monitoring reports for the two visits are kept in CRS office in Bulgaria.

3. Other Monitoring Techniques

In addition to the above monitoring methods, CRS staff attended all project events, conducted frequent visits and meetings with clients from both Mikrofond and USTOI. Every quarter, CRS organized management meetings among project staff from CRS, USTOI and Mikrofond, and as possible, USAID. These meetings were used to analyse the previous quarter results, discuss challenges and obstacles, and plan ahead.

In addition, CRS frequently met with USAID to debrief on project results.

Attachments: Project materials and other documentation

Attachment A: Baseline research study Alfa Research (English executive summary)

Attachment B: Final Assessment Survey Alfa Research

Attachment B(a): PP Presentation of main results, Final Assessment Survey Alfa Research

Attachment C: Final Indicators Report

Attachment D: Project publication “Microfinance and the Perspectives for Roma Entrepreneurship”

Attachment E: Project documentary “The Neighborhood”

Attachment F: Clients Success Stories

ATTACHMENT F: Client Success Stories

Stefka Koicheva
Roma Client of Ustoi , Sofia

She introduced herself as Stefka Koicheva and announced, “I have always traded in clothing as my parents did, and we can say it’s a family tradition”. Stefka is originally from Omurtag, Bulgaria where she and her family have all worked as traders. In 1999, Stefka decided to move her family to Sofia, Bulgaria for better business opportunities.



In 2003, Stefka heard about the Ustoi group lending program and applied for credit. Stefka felt “It was a good group of six ladies” however, after her initial loans of 600 BGL she decided that an individual loan was better for her circumstances. And now she is currently on her 6th loan in the amount of 2,100 BGL, which she will payback in 8 months. To pay installments on their loans, Ustoi clients have the option of paying directly at the Ustoi office or by paying at a local bank with a specific loan card. In order to participate in the micro-lending program through the Ustoi office in Sofia, Stefka has rented an apartment in the city for

eight years. Her children, 2 boys, have grown up in the area and both attend grammar school.

Stefka runs her business year round and explains that she is more than satisfied with this microlending program. “Every season I have different cash flow needs to buy new clothes, summer clothes for the summer, and winter clothes for the winter. Ustoi program is sensitive to my needs during these months. The period though the months between January and March every year is slower. We have no so many clients after the Christmas occasions.”

Stefka is one of the good clients of Ustoi. She has registered business and keep filed the all necessary documentation on her family business. Ustoi micro lending program helped her a lot from one side to continue the family tradition and to develop the business in bigger scale from other side.

Ivan Shopov
Roma Client of Mikrofond

For the past 17 years, Ivan Shopov has worked as a Taxi driver in Sliven, Bulgaria. He began by taking a position with a Taxi company, however he was required to purchase the radios and electronic equipment he needed and was also required to pay the company for contact leads. “It was so expensive working for that company,” he said.

In 2005, Ivan’s luck changed when he discovered and applied for a Mikrofond loan to start his own



taxi business. His first loan was in the amount of 2,000 BGL, which he paid in 12 months. His second loan increased to 3,000 BGL of which he is in his last month of repayment. Both loans supplied Ivan with the necessary equipment to adequately run his business on his own and without the assistance of an outside company.

Ivan currently owns two cars, one of which is used for the business. His wife, a “very talented tailor” works for a large textile company in Sliven, while his two sons go to school. His youngest son is eight years old

and attends grammar school. His older son will be graduating soon from a mechanical school where he will receive his driver’s license at the end of the education.

When his second loan is finally paid in full, he would like to apply for a third in the amount of 10,000 BGL for the duration of 3 years. “With this money, it will be enough to enhance my business” he says. Ivan would like his eldest son to work with him after graduation and make the company a family business. He would also like to use a portion of the loan to build an office for his wife so that she can start her own business. After 17 years working for someone else, the Mikrofond loans Ivan has received have helped him branch out to become his own boss. Now, two and a half years later, his entrepreneurial spirit is being shared with his son and wife.

Genoveva Simeonova
Roma Client of USTOI



For Genoveva Simeonova and her husband, Assen, working in the agricultural sector was their life and their passion. For 10 years the happy couple grew and exported their beans from their home in Dobridge, Bulgaria to the United States. Unfortunately, Genoveva's health began to fail due to the harsh working conditions that accompany agricultural production and in 1995 their family decided to move to Sofia to embark on a new business away from those conditions. In 1997 they began a business selling

clothing, jeans, socks and other undergarments at the Ladies Market in Sofia. With their ability to speak Turkish, their products are purchased in Turkey and then sold in Sofia.

To assist in the purchasing of these items, and help pay rent on the stand, Genoveva joined a group of 8 Ustoi clients in 2002 and received a loan of 600 BGL. Now on her 6th loan, Genoveva has increased her loan amount to 2,400 BGL. Like most other clothing stands, business depends on the season. Ustoi understands these seasonal needs, and now through individual loans, Genoveva receives enough to help the business through these months.

While discussing their business, the couple was very serious and resolute, however when asked about their children both seemed to light up and beam with joy. Genoveva explained they have two children who are married and they also have two grandchildren. Genoveva and Assen pay for their grandson to have private English lessons and hope to purchase him a computer in the near future.

They are fully satisfied with the Ustoi program and feel comfortable with the assistance the program gives when the seasons change. Due to their dependable status, Genoveva and her husband have also been able to receive Jet Credit to purchase furniture and have received letters of commendation for their reliability and dependability as micro-loan clients.

Ilijka

Roma Client of USTOI

Her name is Ilijka and she already applied for her 10th USTOI loan.

Ilijka has been a client of USTOI since 2002 and has successfully maintained a flower shop for the past



30 years. She originally developed the idea from her sister and brother-in-law who had also successfully run a flower business. In 1977 Ilijka and her husband built a stand of their own and established a small flower shop in the downtown area in Sofia close to Sofia University. Things, however, were not always easy. Before 1989, in Bulgaria to have your own business was not easy. The State didn't support any private business initiatives. Ilijka was forced to register her business under a government official's name and pay him regularly to keep the shop legitimate. Finally, in 1985, the business was placed in her name and she has been successfully running it ever since.

Her first loan with USTOI was in the amount of 600 BGL and was paid off in 6 months. Now, after proving to be a dependable client, her 10th loan is in the amount of 1,200 BGL. This current loan will help her buy more flowers for the upcoming International Mothers Day holiday (March 8th) and for some repairs to the stand. She mentioned

she “is satisfied with her work and her money” and “feels she has a good location for her shop”. With the success of her business, she has been able to buy the apartment in Sofia that she shares with her daughter, son-in-law, and two grand-children. With the loans provided through USTOI, she has been able to develop her flower shop into a thriving business. Ilijka maintains that she is “optimistic and positive with life” and is very proud of her family. According to Ilijka, every member in her family owns a business and every child goes to school. Her 14 year old granddaughter and 5 year old grandson both attend an English school. Ilijka says with pride, “My granddaughter is learning English and Spanish and has her own computer. She is smarter than all of us!”

Overall, the USTOI micro-lending program has helped Ilijka to develop and enlarge her business and has enabled her to provide for her family. As a senior member of her micro-lending group, she is able to extend her knowledge to the other members in the program and assist other clients who may be considering the micro-lending program. She sets an example for all of them - of hope, hard work, and accomplishment.

Penko Vassilev
Roma Client of Mikrofond

Set in the village of Tonpolchanni, Penko Vassilev is busy selling food and supplies to his Roma community. His business, a local grocery store, was but a distant dream before Mikrofond came into the picture. The organization supports income-generating activities to improve economic conditions by financing small micro-sized enterprises. In 2002 with the assistance and consultation of a Mikrofond loan officer, Penko Vassilev was given a small loan to start his business. He has now successfully repaid eight consecutive loans and is currently on his ninth to purchase a vehicle.

His store, “Arshimovi – ET” is the only one in the area and is crucial to the well being of the community. To keep up with the demand for much needed supplies, he must travel every second day to the city of Sliven to replenish his stock. The distance, however, from his store to any other is 20 km and to get there Penko Vassilev has been renting vehicles at 15 BGN a day to perform this task. To alleviate this problem Penko has recently been able to purchase a vehicle through his ninth Mikrofond loan of 5,000 BGN (4,032 USD). While seeking advice from his loan officer, it was agreed that it would be more cost effective to purchase rather than to continue renting a vehicle. By doing so, his monthly repayment has dropped from 240 BGN to 180 BGN, and he will have the vehicle paid off in two years.

From a small micro-loan and a dream of opening up a food store, to an ever expanding grocery store with a company vehicle, Penko Vassilev is one example of how micro-lending and entrepreneurship investment can help individuals successfully grow economically, and improve their lives and the lives of others in the community.

Toncho Pavlov
Roma Client of Mikrofond



In 1985, Toncho Pavlov opened an electronic repair shop in Sliven, Bulgaria. With a vision and an entrepreneurial heart, Tancho built the entire business out of money from his own pocket. What began as a simple repair shop soon evolved into an electronics store and repair center. It was difficult, however, to maintain stock to sell. In 2004, Toncho decided to apply for his first credit with a Mikrofond group loan in the amount of 1800 BGL. The loan helped him purchase spare parts and materials to keep the business running. After 12 months, he applied for his 2nd credit and first individual loan in the amount of 3000 BGL. With an individual loan, he could “receive bigger loans and pay them off in shorter time periods”.

He explained, “there were no guarantees for his business because the land on which his business is located belongs to the government”. Toncho is one of five

business owners who own a store in a building on government land. He feels it is not reasonable to invest in the shop itself because the government could come and take away the land. Because of this situation he would like to apply for a third loan in a month when his 2nd is paid in full. He hopes to receive 5000 BGN for a period of 2 years to purchase a new shop downtown. His business currently caters to neighborhood clients, however, he feels a shop downtown would increase his business.

Toncho’s electronic shop averages around 20,000 BGN a year and his monthly installment for his loans are 200 BGN, though he sometimes pays double when business is good. “I don’t need to be a millionaire, I would just like a normal life with normal things” he stated. Toncho shyly admits to being a bachelor; however he playfully jokes “it makes it easier to pay my installments because there are no other expenses”! He currently lives with and takes care of his mother and father and hopes that his two nephews will someday be involved in his business. Overall, he is content with his credit and the Mikrofond products available and feels it has enabled him to grow as an entrepreneur and businessman.